

MARKETING

Market in traditional sense – The word market is derived from a Latin word, “Marcatus”, which means a place of business, in other words, it is a location where buyers and sellers of goods assemble to facilitate exchange, market thus refers to a place.

The term market used in various contexts is given below:

1. Product market (Pepper market, Vegetable market, share market etc.)
2. Geographical market – (Local market, national market, international market)
3. Based on types of buyers (Consumer market and industrial market)
4. Based on quantity of goods (Wholesale and Retail market)



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Market in modern sense - the term market has a wider meaning; it refers to the aggregate potential demand for a product or service. For example, we say the market for car is booming, we are referring to the enhanced collective demand for cars.

Marketing – Marketing can be defined as an exchange transaction in between buyer and seller. All activities connected with transfer of goods and services from the producer to the consumer come within the purview of marketing. They include production, transportation, storage, advertising etc. Though selling and sales promotion are integral part of marketing, they are not everything, therefore marketing is a broader term and is concerned with the identification of needs and wants of consumers and finding out ways and means for satisfying them.

Definition – *“Marketing is the performance of business activities that direct the flow of goods and services through producers to consumers or users.”* – American Marketing Association

According to Philip Kotler – *“Marketing is a social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others.”*

Marketing Management – Marketing management is the functional area of management concerned with planning, organizing, directing and controlling the activities related to marketing of goods and services to satisfy customer’s wants.

Marketing and Selling

Marketing is a continuous process of identifying consumer needs and fulfilling such needs through product development and promotion and pricing. It begins before production and continues even after the sales. Contrary to this selling is the mere transfer of ownership of goods from the seller to the buyer.

Differences between marketing and selling

Marketing	Selling
1. Marketing focuses on customer’s needs of want satisfying goods.	1. Selling focuses on seller’s needs converting his goods into cash.
2. Marketing begins before production	2. Selling takes place after production.

3. Emphasis given on product planning and development.	3. Emphasis on sale of goods already produced.
4. Customer oriented – he is the king.	4. Product oriented.
5. Aims at profits through consumer satisfaction.	5. Aims at profits through sales volume.
6. The principle of caveat vendor (let the seller beware) is followed.	6. The principle of caveat emptor (let the buyer beware) is followed.
7. Integrated approach (Macro)– marketing research, product planning, advertisement etc.	7. Fragmented approach (Micro) – attempt is made to sell whatever is produced.
8. Long term perspective as it lays emphasis on growth and stability of business.	8. Short-term perspective as it emphasizes profit maximization.

Marketing concepts (Marketing management philosophies)

Philosophies Basis ↓	Production concept	Product concept	Selling concept	Marketing concept	Social concept
Starting point	Factory	Factory	Factory	Market	Market, Society
Focus	Quantity	Quality	Existing product	Customer needs	Customer needs and welfare of society
Means	Availability of products and affordable prices	Product improvement through better quality	Selling and promotional measures	Integrated marketing (Selling of satisfaction rather selling a product)	Integrated marketing
Ends	Profit through volume of production	Profit through quality products	Profit through sales volume	Profit through customer satisfaction	Profit through customer satisfaction and welfare of society

Functions of marketing

- 1. Gathering and analyzing market information** – This will help to identify the needs of customers and can take vital decisions. It is highly useful for analyzing opportunities, threats, strength and weakness of the firm.
- 2. Marketing plan** – A proper marketing plan should be developed to achieve the marketing objectives of the firm. E.g., to increase the market share of a product in next one year by 20%.
- 3. Product designing and development** – The product should be developed and designed to meet the customer needs. Marketing department should always be on the look out to make necessary changes in the product such as packing, price, size, colour, shape and design.
- 4. Standardization and grading** – Standardization refers to producing goods in predetermined standards such as quality, price, packaging etc. which ensures uniformity and consistency.

So that buyers need not inspect, test and evaluate such goods in their future purchases. Grading is the process of classifying products into different classes on the basis of quality, size, weight etc. It is needed in agricultural products. This helps in realizing higher price for better quality.

5. **Packaging and Labelling** – Package is a container or a wrapper or a box in which a product is enclosed. It is done for protecting the goods from damage in transit and storage, now a days it is also used to establish the brand. Labelling refers to designing and developing the label to be put on the package to give the specifications of the product in the package.
6. **Branding** – It is the process of giving a name or symbol to a product for identifying and differentiating it from the products of competitors. E.g., BMW, TATA, JIO, Pears, Coco-cola etc.
7. **Customer support service** – These are after sales services, handling customer complaints, maintenance services, technical services and customer information. All these will provide maximum satisfaction to the customers.
8. **Pricing** – Price of a product means the amount of money that have to pay to obtain a product. A sound pricing policy is an important factor for selling the products to customers. The pricing policy of a firm should attract all types of customers.
9. **Promotion** – It means informing the customers about the firm's products and persuading them to buy these products. Promotion techniques include advertising, personal selling, sales promotion and publicity.
10. **Physical distribution** – It involves planning, implementing and controlling the flow of materials and finished goods from the origin to the point of use to meet the customer requirement at a profit. A suitable distribution channel must be selected by the marketing management in this regard.
11. **Transportation** - It is an integral part of marketing as it helps in making available the product at the terminal point of consumption.
12. **Storage or warehousing** – Goods are produced in anticipation of future demand. They have to be stored properly in warehouses to protect them from damages.

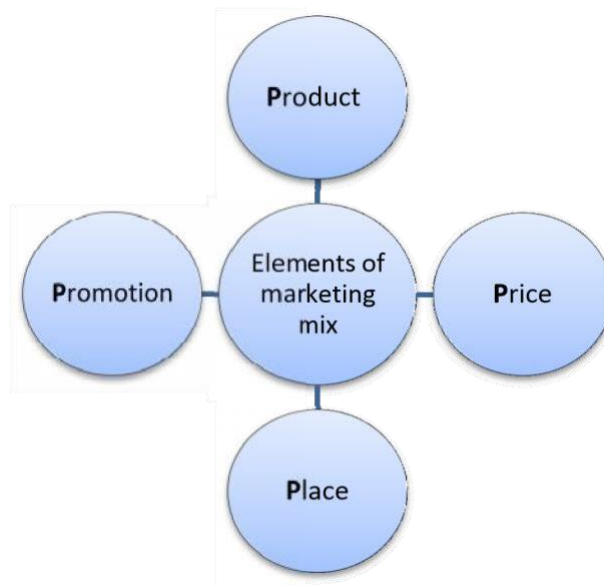


Marketing mix

It is the term used to describe the combination of four inputs which constitute the core of the company's marketing system, the product, the price structure, the promotional activities and the place of distribution. It is also known as four 'Ps' of marketing mix, namely Product, Price, Place (distribution) and Promotion.

Elements of marketing mix

1. **Product** – *Product means goods or services or anything of value which is offered for sale in the market.* It is the most important component of marketing mix, which involves planning, developing and producing the right type of goods and services needed by the consumer.
2. **Price** – The price of a product should be fixed that the firm is able to sell it profitably. It may consider credit policies, discount system, terms of delivery, payment, retail price, cost of production, competition, government regulations etc.
3. **Place** – It refers to marketing efforts undertaken to make the product available at the right time in the right place. There are products which are produced at one part of the country and it is consumed in different places during different seasons.



In Kerala textile items are largely sold during Onam season, so that most of the producers will come to this place and ensure the supply of their product here and in Deepavali season they will move towards some other States. It involves two major functions, 1) Physical distribution and 2) Channels of distribution.

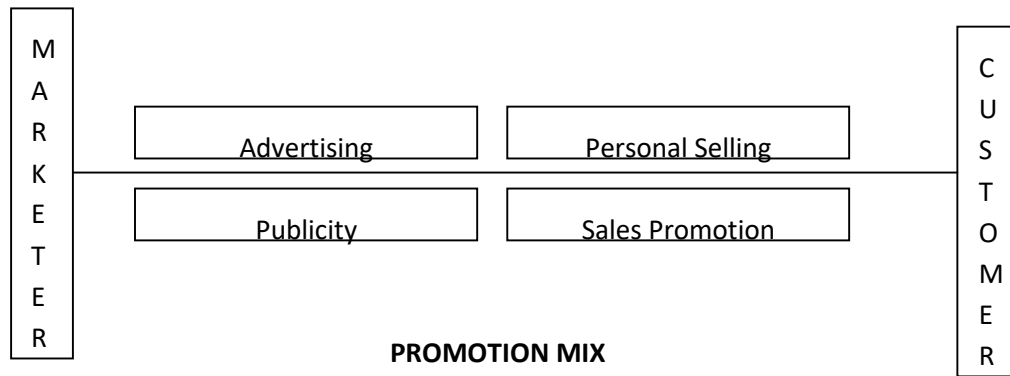
4. **Promotion** – Promotion means all those activities undertaken by a sales manager to inform the consumers about the product(s) of the company and persuade them to buy. He has to make the consumers know where, when and how the products are available. There are four elements which constitute promotion mix. They are advertising, personal selling, publicity and sales promotion.

PROMOTION

All activities connected with informing and persuading the customers are collectively known as



1. Advertising - Advertising is any paid form of non - personal presentation and promotion of



promotion mix. It includes Advertising, Personal selling, Sales promotion and Publicity.. ideas, goods or service of an identified sponsor. The message which is presented or disseminated is

known as advertisement.



Features of advertising

- a. **Paid form** – The sponsor or marketer bears the cost of communication.
- b. **Impersonality** – No face to face contact between seller and buyer, but through a media.
- c. **Identified sponsor** – Advertisement is done by a sponsor.

Merits of advertising

- a. **Mass reach** – It reaches a large number of population with the help of news papers, television etc.
- b. **Enhancing customer satisfaction** – They feel more comfortable and assured about quality.
- c. **Expressiveness** – Messages can be expressed in a very attractive manner with the help of modern technology.
- d. **Economy** – It is in the sense that, it can reach millions of people. As a result the per unit cost becomes low.

Limitations of advertising

- a. **Less forceful** – Since it is impersonal, the prospects (public) may not give attention to the message.
- b. **No feedback** – There is no immediate and accurate feedback.
- c. **Inflexibility** – The message is always standardized and not customized according the needs of different customer groups or occasions.
- d. **Low effectiveness** – A large number of advertisement is shown by the media, hence it may not be seen or heard by the target group.

Objections to advertising (Criticisms)

- a. **Adds to cost** – It is a fact that while fixing price for a product by the manufacturer, they will consider the advertisement expense too, it will increase the price.
- b. **Undermines social values** – It is another criticism against advertisement that it demoralizes the social values.
- c. **Confuses the buyers** – Advertisement of similar items of different firms with claiming superiority of their products will make confusion among the consumers.
- d. **Encourages the sale of inferior products** with the help of faulty advertisement.
- e. **Some advertisements are in bad taste** for instance, women running after a man because he is using a perfume, tooth paste etc.

Sales Promotion – It refers to short-term activities, which are aimed at promoting sales such as rebates, discounts, free gifts, contests, refunds, premium etc.

Sales promotion tools are designed to promote customers, middlemen and sales persons.

- a. **Customers** – Free samples, discounts, contests, gifts, lucky draws, etc.
- b. **Middlemen** – Cooperative advertising, dealer discounts, incentives, contests etc.
- c. **Salespersons** – Bonus, salesmen contests, special offers, etc.

Advantages of sales promotion

- a. It catches the buyers' **attention**.
- b. **Useful in new product launch**.
- c. **Synergy in total promotional efforts** – Sales promotion supplement the personal selling and advertising efforts. Hence it gives synergy (overall effectiveness) of promotional efforts of the firm.

Limitations of sales promotion

- a. **It is a reflection of crisis** – Frequent sales promotion activities may give an impression that the firm is not in a position to manage its sales.
- b. **Spoils the product image** – Consumers may feel that incentives are offered to sell substandard product.

Commonly used sales promotion techniques

1. **Rebates** – It is a deduction on the price to make it attractive to the buyers to buy on special occasions.
2. **Discount** – Certain percentage of price is reduced as discount from the price of the product to attract the customers.
3. **Refunds** – Seller offers to refund a part of price on next purchase on production of packets or wrappers etc.
4. **Product combinations** – It is a free offer of an article along with a product to make buyers attractive to buy more or for repeated buying (Free Pen drive with a digital camera).
5. **Quantity gift** – It may be an extra quantity of the same product at the same price either inside or outside the packet.
6. **Instant draws and gifts** – Scratch card and gifts to the customers on purchase.
7. **Lucky draw** – A coupon is given to the customers, which is to be deposited in a box at the business premises by filling the name and phone number. The winner is selected by lucky draw later.

8. **Usable benefit** – E.g., Purchase goods worth Rs. 5000 and get a holiday package of Rs. 2000 free.
9. **Full finance @ 0%** - No need to pay any amount or full amount at the time of purchase but in easy installment without interest.
10. **Sampling** – It refers to offering a free sample of a product to the customers on the purchase of some other products or journals.
11. **Contests** – Customers can participate in some competitive event and winners are given awards.

Publicity – It is similar to advertising with the difference that it is a *non paid form of communication*. It refers to favourable news about an organization and its products or service appearing in mass media.

Features of publicity

- a. **Unpaid form** – It does not involve any direct expenditure.
- b. **No identified sponsor** – It has no sponsor at all but message goes as a news item.

Advantages

- a. **Credibility** – Usually it is more credible than the advertisement message.
- b. **Wide reach** – It can reach even those who have no chance for attending paid communication.

Limitations

- a. **No control** – It cannot be controlled by the firm.
- b. **Only news value items** – A firm cannot make use of publicity to promote *all its products*.

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